

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

W-01731A
Alpine Water System, Inc.
PO Box 822
Alpine, AZ 85920

RECEIVED

MAR 28 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2006 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 06 |
|--------|----|

PROCESSED BY:

3-29-07 RF

SCANNED

5-14-07

COMPANY INFORMATION

| | | |
|---|--|--|
| Company Name (Business Name) <u>Alpine Water System Inc</u> | | |
| Mailing Address <u>PO Box 822</u> | | |
| <u>Alpine</u> (City) | <u>AZ</u> (State) | <u>85920</u> (Zip) |
| <u>928-339-4065</u> Telephone No. (Include Area Code) | <u>928-339-4065</u> Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address <u>aws@wmanline.com</u> | | |
| Local Office Mailing Address <u>Same</u> | | |
| (City) | (State) | (Zip) |
| Local Office Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |

MANAGEMENT INFORMATION

| | | |
|--|--|--|
| Management Contact: <u>Gavin Lamont</u> | | <u>Manager</u> |
| (Name) | (Title) | |
| <u>PO Box 822</u> (Street) | <u>Alpine</u> (City) | <u>AZ</u> (State) |
| <u>928-339-4065</u> Telephone No. (Include Area Code) | <u>928-339-4065</u> Fax No. (Include Area Code) | <u>85920</u> (Zip) |
| Email Address <u>aws@wmanline.com</u> | | |
| On Site Manager: <u>Same</u> | | |
| (Name) | | |
| (Street) | (City) | (State) |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: M. Wayne Lewis

(Name)

950 W. Flint St

(Street)

Chandler

(City)

AZ

(State)

85224

(Zip)

480-963-7661

Telephone No. (Include Area Code)

480-821-8948

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: same

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☒ Other (Describe) non profit corporation

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME Alpine Water System Inc

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|---|-----------------------|-------------------------------------|--------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 800 | | 800 |
| 304 | Structures and Improvements | 4601 | 4601 | 0 |
| 307 | Wells and Springs | 9927 | 9927 | 0 |
| 311 | Pumping Equipment | 6474 | 6385 | 89 |
| 320 | Water Treatment Equipment | 704 | 704 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 22314 | 22314 | 0 |
| 331 | Transmission and Distribution Mains | 1,118,490 | 317171 | 801319 |
| 333 | Services | 17,236 | 17236 | 0 |
| 334 | Meters and Meter Installations | 23355 | 23355 | 0 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 9283 | 3487 | 5796 |
| 340 | Office Furniture and Equipment | 6821 | 4583 | 2238 |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | 50134 | 10377 | 40357 |
| | TOTALS | 1270739 | 420140 | 850599 |

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Alpine Water System Inc

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|--------------|--|----------------------|-----------------------------------|----------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 800 | | 0 |
| 304 | Structures and Improvements | 4601 | 3.4 | 0 |
| 307 | Wells and Springs | 9927 | 3.4 | 0 |
| 311 | Pumping Equipment | 6474 | 3.4 | 220 |
| 320 | Water Treatment Equipment | 704 | 3.4 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 22314 | 3.4 | 0 |
| 331 | Transmission and Distribution Mains | 1118490 | 3.4 | 31533 |
| 333 | Services | 17236 | 3.4 | 0 |
| 334 | Meters and Meter Installations | 23355 | 3.4 | 392 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 9283 | 3.4 | 204 |
| 340 | Office Furniture and Equipment | 6821 | 3.4 | 232 |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | 50734 | 3.4 | 1725 |
| | TOTALS | 1270739 | | 34306 |

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME Alpine Water System Inc

BALANCE SHEET

| Acct No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|-------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 44653 | \$ 47657 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | 17406 | 11542 |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | 30701 | 30701 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 92760 | \$ 89900 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 1264739 | \$ 1270739 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | 388565 | 420140 |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 876174 | \$ 850599 |
| | TOTAL ASSETS | \$ 968934 | \$ 940499 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Alpine Water System Inc

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ 21389 | \$ 3198 |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | 5098 | 4796 |
| 236 | Accrued Taxes | | |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ 26487 | \$ 7994 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ 754421 | \$ 731853 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | | |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ | \$ |
| | TOTAL LIABILITIES | \$ 780907 | \$ 739847 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | 115124 | 125243 |
| 215 | Retained Earnings | 72905 | 75389 |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ 188027 | 200652 |
| | TOTAL LIABILITIES AND CAPITAL | \$ 968934 | \$ 940499 |

COMPANY NAME Alpine Water System Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|---|------------------|------------------|
| 461 | Metered Water Revenue | \$ 122441 | \$ 122804 |
| 460 | Unmetered Water Revenue | 2385 | 10676 |
| 474 | Other Water Revenues | 12940 | 620 |
| | TOTAL REVENUES | \$ 137766 | \$ 134100 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ 30861 | \$ 36014 |
| 610 | Purchased Water | | |
| 615 | Purchased Power | 3637 | 3996 |
| 618 | Chemicals | | |
| 620 | Repairs and Maintenance | 10781 | 5668 |
| 621 | Office Supplies and Expense | 8543 | 2485 |
| 630 | Outside Services | 1945 | 7655 |
| 635 | Water Testing | 27 | 1298 |
| 641 | Rents | 1975 | 1800 |
| 650 | Transportation Expenses | 2758 | 3064 |
| 657 | Insurance – General Liability | 4842 | 5615 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense – Rate Case | | |
| 675 | Miscellaneous Expense | 25511 | 20347 |
| 403 | Depreciation Expense | 34591 | 34306 |
| 408 | Taxes Other Than Income | 2405 | 3919 |
| 408.11 | Property Taxes | 4738 | 4636 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ 132614 | \$ 130803 |
| | | | |
| | OPERATING INCOME/(LOSS) | \$ 5152 | \$ 3297 |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | | |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ | \$ |
| | | | |
| | NET INCOME/(LOSS) | \$ 5152 | \$ 3297 |

COMPANY NAME Alpine Water System Inc

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|------------|---------|---------|---------|
| Date Issued | 1999 | | | |
| Source of Loan | WIFA | | | |
| ACC Decision No. | 61275 | | | |
| Reason for Loan | New Const | | | |
| Dollar Amount Issued | \$ 805607 | \$ | \$ | \$ |
| Amount Outstanding | \$ 731853 | \$ | \$ | \$ |
| Date of Maturity | 12/15/2019 | | | |
| Interest Rate | 3.938 % | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End

\$ 4796

Meter Deposits Refunded During the Test Year

\$ 302

| | |
|---|---|
| COMPANY NAME <i>Alpine Water System Inc</i> | |
| Name of System <i>☞</i> | ADEQ Public Water System Number (if applicable) <i>01-001</i> |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|-------------------|-----------------|------------------|---------------------|--------------------------|---------------------|-----------------|
| <i>55-602-758</i> | <i>1 1/2</i> | <i>24</i> | <i>148</i> | <i>12"</i> | <i>2"</i> | <i>1977</i> |
| <i>55-602-759</i> | <i>3/4</i> | <i>25</i> | <i>109</i> | <i>6"</i> | <i>2"</i> | <i><1967</i> |
| <i>55-602-760</i> | <i>1 1/2</i> | <i>18</i> | <i>180</i> | <i>6"</i> | <i>1 1/2"</i> | <i><1967</i> |
| | | | | | | |
| | | | | | | |
| | | | | | | |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|------------------------|----------------|--|
| <i>working springs</i> | <i>30-70</i> | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| | | | |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| <i>280,000</i> | | | |
| | | | |
| | | | |

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | | |
|-----------------------|-------------------------|---|
| COMPANY NAME | Alpine Water System Inc | |
| Name of System | 7 | ADEQ Public Water System Number (if applicable) 01-001 |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

| MAINS | | |
|------------------|----------|------------------|
| Size (in inches) | Material | Length (in feet) |
| 2 | GALV | 7,500 |
| 3 | | |
| 4 | PVC | 4,470 |
| 5 | | |
| 6 | PVC | 8,110 |
| 8 | PVC | 2,732 |
| 10 | PVC | 2,855 |
| 12 | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| CUSTOMER METERS | |
|------------------|----------|
| Size (in inches) | Quantity |
| 5/8 X 3/4 | 195 |
| 3/4 | 2 |
| 1 | 9 |
| 1 1/2 | 2 |
| 2 | 5 |
| Comp. 3 | |
| Turbo 3 | |
| Comp. 4 | |
| Tubo 4 | |
| Comp. 6 | |
| Tubo 6 | |
| | |
| | |
| | |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

12x10 mobile storage

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|--|---|
| COMPANY NAME: <u>Alpine Water System Inc</u> | |
| Name of System <u>4</u> | ADEQ Public Water System Number (if applicable) <u>01-001</u> |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

| MONTH/YEAR | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|------------|---------------------|-----------------------------|-------------------------------|----------------------------------|
| JANUARY | 221 | 1,659 | 1128 | 0 |
| FEBRUARY | / | 1,631 | 1204 | / |
| MARCH | | 2396 | 1679 | |
| APRIL | | 2092 | 1821 | |
| MAY | | 3431 | 2224 | |
| JUNE | | 4545 | 2819 | |
| JULY | | 3160 | 5194 | |
| AUGUST | | 2685 | 1726 | |
| SEPTEMBER | | 3052 | 1821 | |
| OCTOBER | | 2396 | 1575 | |
| NOVEMBER | | 1938 | 1029 | |
| DECEMBER | 208 | 1631 | 1255 | 0 |
| TOTALS → | | 30624 | 23182 | |

What is the level of arsenic for each well on your system? 0 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 250 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Alpine Water System Inc YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 4636

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 28 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Az
I, THE UNDERSIGNED
OF THE

| |
|--|
| COUNTY OF (COUNTY NAME) <u>Apache</u> |
| NAME (OWNER OR OFFICIAL) TITLE <u>Gavin R. Humant</u> |
| COMPANY NAME <u>Alpine Water Systems Inc.</u> |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Gavin R. Humant

SIGNATURE OF OWNER OR OFFICIAL

928-339-4065

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26th DAY OF March



OFFICIAL SEAL
LINDA FITE
NOTARY PUBLIC - State of Arizona
(SEAL) APACHE COUNTY
My Comm. Expires Oct. 8, 2007

| | |
|------------------------------|-------------|
| COUNTY NAME <u>Apache</u> | |
| MONTH <u>MARCH</u> | <u>2007</u> |

Linda Fite

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/08/07

COMPANY NAME Alpine Water System Inc.

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported tax-exempt
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/26/07
DATE

Gavin M. Lamont
PRINTED NAME

Mgn
TITLE

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

MAR 28 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

| |
|---|
| COUNTY OF (COUNTY NAME) <u>Apache</u> |
| NAME (OWNER OR OFFICIAL) TITLE <u>Garvin R. Lamont</u> |
| COMPANY NAME <u>Alpine Water Systems Inc</u> |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 122804

(THE AMOUNT IN BOX ABOVE
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED)

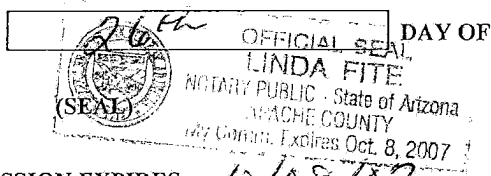
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Garvin R. Lamont
SIGNATURE OF OWNER OR OFFICIAL
928-339-4065
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



| | |
|------------------------------|-------------|
| COUNTY NAME <u>Apache</u> | |
| MONTH <u>March</u> | <u>2007</u> |

Linda Fite
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/08/07

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

MAR 28 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|---------------------|
| COUNTY OF (COUNTY NAME) <i>Apache</i> | |
| NAME (OWNER OR OFFICIAL) <i>Gavin R. Lumont</i> | TITLE <i>Mgr</i> |
| COMPANY NAME <i>Alpine Water Systems Inc</i> | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 90366

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Gavin R. Lumont
SIGNATURE OF OWNER OR OFFICIAL

928-339-4065
TELEPHONE NUMBER

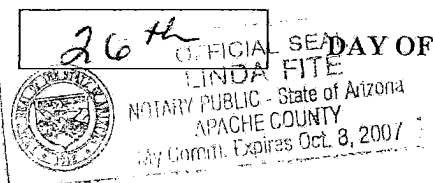
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

(SEAL)

MY COMMISSION EXPIRES



| | |
|---|--------------|
| NOTARY PUBLIC NAME <i>Linda Fite</i> | |
| COUNTY NAME <i>Apache</i> | |
| MONTH <i>MARCH</i> | 20 <u>07</u> |

X *Linda Fite*
SIGNATURE OF NOTARY PUBLIC

10/08/07

2006 PROPERTY TAX NOTICE

ARIZONA

| PARCEL # | AREA CODE | PRIMARY TAX RATE PER \$100 ASSESSED VALUE | SECONDARY TAX RATE PER \$100 ASSESSED VALUE | IRRIGATION DISTRICT \$ PER ACRE | 2006 TAX SUMMARY | |
|---------------------------|-----------|---|---|---------------------------------|-----------------------------|----------|
| 900-50-701 4 | 0701 | 4.5613 | 5.1188 | | PRIMARY PROPERTY TAX | 2,592.64 |
| ASSESSMENT | | | | | LESS STATE AID TO EDUCATION | 0.00 |
| PRIMARY LAND, BLDGS, ETC | 845 | 24.5 | 207 | 0 | NET PRIMARY PROPERTY TAX | 2,592.64 |
| PRIMARY PERSONAL PROPERTY | 231,155 | 24.5 | 56,633 | 0 | SECONDARY PROPERTY TAX | 2,043.68 |
| PRIMARY TOTALS | 232,000 | | 56,840 | 0 | SPECIAL DISTRICT TAX | 0.00 |
| SECONDARY LAND | 0 | 24.5 | 0 | 0 | Net Total Taxes | 4,636.32 |
| SECONDARY BLDGS, ETC | 845 | 24.5 | 207 | 0 | | |
| SEC. PERSONAL PROPERTY | 231,155 | 24.5 | 56,633 | 0 | | |
| SECONDARY TOTALS | 232,000 | | 56,840 | 0 | | |

| ACREAGE: | JURISDICTION | 2006 TAXES | 2005 TAXES |
|-----------------------------------|----------------------------|------------|------------|
| 0052778 | 02000 APACHE COUNTY | 771.44 | 1,099.85 |
| SITUS ADDRESS: | 05007 ALPINE SD #7 | 2,326.46 | 2,212.90 |
| NULL | 10260 WHITE MOUNTAINS COMM | 375.15 | 358.06 |
| LEGAL DESCRIPTION: | 11605 ALPINE FD | 738.92 | 706.03 |
| TOTAL VALUE OF OPERATING PROPERTY | 11900 FIRE DISTRICT ASSIST | 44.90 | 31.90 |
| | 14900 APACHE COUNTY LIBRAR | 205.76 | 163.14 |
| | 15000 APACHE FLOOD CONTROL | 0.20 | 0.21 |
| | 21701 ALPINE SANITARY DIST | 2.97 | 2.99 |
| | 28000 APACHE COUNTY JAIL D | 113.68 | 108.51 |
| | 28002 JUVENILE JAIL DISTRI | 56.84 | 54.25 |

This is the only notice you will receive.

Katherine D. Arviso
Apache County Treasurer
PO Box 699
St. Johns AZ 85936-0699

THIS IS A
CALENDAR YEAR
TAX NOTICE

TOTALS 4,636.32 4,737.84

900-50-701 4

0000871 01 AV 0.293 **AUTO T6 1 0784 85920-082222

ALPINE WATER SYSTEM
GAVIN LAMONT
P O BOX 822
ALPINE AZ 85920-0822

PAYMENT INSTRUCTIONS

To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than . To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than . To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than . Delinquent interest will be waived.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PARCEL NUMBER

Katherine D. Arviso
Apache County Treasurer
PO Box 699
St. Johns AZ 85936-0699

06F 5278
Alpine Water System, Inc.
P.O. Box 822
Alpine, AZ 85920
813-242-0222

NATIONAL BANK OF ARIZONA
BACHELOR, AZ BRANCH
B-100 BRANCH

7019

9/29/2006

PAY TO THE ORDER OF Apache County Treasurer \$ 4,636.32

Five Thousand Six Hundred Thirty-Six and 33/100 DOLLARS

Apache County Treasurer

900-50-701 4

0000871 01 AV 0.293 **AUTO T6 1 0784 85920-082222

Processed 10/12/06 \$4636.32 Ch# 7019